



June 25, 2021

Chairman Michael M. Kubayanda
Commissioner Robert Taub
Commissioner Mark Acton
Commissioner Ann C. Fisher
Commissioner Ashley E. Poling
Postal Regulatory Commission
901 New York Avenue, NW, Suite 200
Washington, DC 20268

RE: Docket No. R2021-2 Submitted electronically

Dear Commissioners:

Pioneer Utility Resources, Inc. submits these comments in response to the filing made by the United States Postal Service on May 28, 2021 – “Notice of Market-Dominant Price Change”. We **strongly encourage** the Commission to deny the request to significantly increase rates. If approved as filed, these increased rates will have a significant and deleterious impact on utilities and communities in rural America.

Pioneer Utility Resources, Inc. is an Oregon-based cooperative formed in 1956 for the purpose of assisting rural utilities with member communications. Pioneer and its subsidiaries presently serve over 250 utilities in 43 states, and are responsible for the production of approximately 1.2 million 24- or 36-page magazines per month (with some variability month to month). These magazines are, for many of these rural utilities, the primary method by which they present critical community, safety, continuity, disaster recovery and energy efficiency information to the local residential and business communities. Many of these utilities are themselves cooperatives and are owned by the people that they serve. From growing regions to remote farming communities, electric cooperatives power 1 in 8 Americans and serve as engines of economic development for 42 million Americans. Pioneer is proud to be part of this critical communications channel within rural America.

Electric cooperatives operate at cost and without a profit incentive. America’s electric cooperatives provide electric service in 364 (92%) of the Persistent Poverty Counties identified by the U.S. Treasury

Community Development Financial Institutions Fund (CDFI). More than 250 distribution cooperatives and NRECA-member public power districts serve an estimated 4.2 million people in these counties, with poverty rates ranging from 20% to over 60%.

At this critical point in America's socioeconomic recovery from the COVID-19 pandemic many electric cooperatives are entering the broadband service arena, supplying high speed internet connectivity to rural and low-income communities that otherwise would not have viable internet service for business and education. Print communications and magazines supply a major method of communicating about the pending and available internet service offerings in rural communities. The efforts of rural electric utilities and small broadband service providers in these areas, and the printed and mailed materials that support those efforts, are closely aligned with the goals of the U.S. Congress as set forth in various versions of the proposed Infrastructure legislation, as well as the recent rural broadband auctions conducted by the FCC, as well as other elements of the Biden Administration's connectivity-related agenda.

Further, the Biden Administration has announced initiatives to promote equity to underserved communities in its Executive Order 13985¹. The Executive Order includes the following in the definition of underserved communities: "...persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality."²

Counter to this policy objective, the proposed rate increases for first class postage and periodicals will either (a) exacerbate inequity and poverty in rural America by increasing the costs of communications for utilities as critical service providers, (b) reduce awareness of important safety and energy efficiency issues in rural areas as utilities scale back communications to reduce costs, (c) slow the rollout of high speed internet and customer uptake of broadband in rural communities, or (d) all of the above.

While the Postal Rate Commission (Commission) has recognized the importance of postal *service* to rural America, we urge you to consider the impact these *rate increases* will have on rural America. While the First-Class rate increase in the USPS filing is 5%, it is important to recognize that in 2019, the rate for First-Class postage was increased by 10%. The cumulative impact of these two increases is well above recent increases in the Consumer Price Index. Similarly, the rate increase for periodicals is on average well above CPI trends. We

¹ Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, 86 FR 7009

² Ibid.

note that 39 U.S.C. 3622(d)(1) requires that market-dominant rates “shall ... include an annual limitation on the percentage changes in rates ... that will be equal to the change in the Consumer Price Index.” This rate filing appears inconsistent with the statutory direction provided in U.S.C. 3622(d)(1).

We observe that these services are titled, “Market Dominant” for a reason – Postal Service customers, particularly those in rural America, often have **no other options** to deliver or receive the information contained in today’s periodicals and First-Class mail. As the Commission may be aware, the dearth of broadband service in rural America (which our organization and many others are working to address) precludes the use of electronic billing services and electronic delivery of periodicals or other important notices for many consumer-members. Until the internet connectivity problem is solved – which depends in some part upon the Commission’s decision in the present matter as described above – **the rate increases proposed are certain to have a disproportionate impact upon rural America.**

In its Order 5763, the Commission dismissed customer concerns about rate volatility by stating that “this concern omits a critical intervening fact: the Postal Service retains discretion not to use all of the rate authority provided by the final rules....The larger amount of rate authority available for use increases the Postal Service’s opportunity and capacity to use its business judgment to smooth out rate adjustments.”³ Unfortunately, instead of using its discretion to “smooth out” rate adjustments, the Postal Service is dramatically escalating rates in a manner that will have an outsized impact on rural America. Particularly in the context of the Biden Administration’s government-wide efforts to promote equity to underserved communities, **we implore the Commission to keep the concerns of electric cooperatives in mind.**

Our company joins the Alliance of Nonprofit Mailers in urging you to deny this rate increase, on the grounds that it is illegal as it does not comply with 39 U.S.C. 3622(d)(1) and is unnecessary as the Postal Service revenues are **\$10 Billion** above the prior year’s levels.

We respectfully request that you deny these rate increases. Thank you for your consideration.

Respectfully Submitted,

³ Postal Regulatory Commission Order 5763 at pages 313-14.



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